



GOVERNOR'S OFFICE OF
BUDGET AND PROGRAM PLANNING

Fiscal Note 2011 Biennium

Bill #	HB0051	Title:	Make state park fee opt in
Primary Sponsor:	Brown, Dee	Status:	As Introduced

- | | | |
|---|--|--|
| <input type="checkbox"/> Significant Local Gov Impact | <input checked="" type="checkbox"/> Needs to be included in HB 2 | <input type="checkbox"/> Technical Concerns |
| <input type="checkbox"/> Included in the Executive Budget | <input type="checkbox"/> Significant Long-Term Impacts | <input type="checkbox"/> Dedicated Revenue Form Attached |

FISCAL SUMMARY

	<u>FY 2010 Difference</u>	<u>FY 2011 Difference</u>	<u>FY 2012 Difference</u>	<u>FY 2013 Difference</u>
Expenditures:				
General Fund	\$40,250	\$0	\$0	\$0
State Special Revenue	(\$1,974,866)	(\$3,016,779)	(\$2,916,282)	(\$2,890,358)
Revenue:				
General Fund	\$0	\$0	\$0	\$0
State Special Revenue	(\$1,975,606)	(\$3,016,779)	(\$2,916,282)	(\$2,890,358)
Federal Special Revenue	\$0	\$0	\$0	\$0
Other	\$0	\$0	\$0	\$0
Net Impact-General Fund Balance:	<u>(\$40,250)</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

Description of fiscal impact: The bill changes the \$4.00 fee for state parks (\$3.50), fishing access sites (\$0.25), and Montana Heritage Commission (\$0.25) paid when registering light motor vehicles from an “opt-out” fee to an “opt-in” fee. The change is expected to reduce state special revenue and expenses from these revenues by approximately \$5 million for the 2011 biennium.

FISCAL ANALYSIS

Assumptions:

1. The Department of Justice reports that 918,354 light motor vehicle registrations were processed in FY 2008. Owners of 817,140 (89%) vehicles paid the fee. Other optional fee programs such as the income tax return check-off program and the organ donor awareness check-off on vehicle registration cards have participation rates of no more than a 1%. Currently owners of 11 % of eligible vehicles actively opt-out and do not pay the fee.
2. The participation rate in an “opt-in” fee program is currently unknown; this fiscal note assumes the effect of this bill will result in a participation rate of 6%, halfway between the current opt-out rate and the 1% opt-in rate for income tax check-offs.

3. In FY 2008 state special revenue generated from light vehicle fees for state parks, fishing access sites, and the Montana Heritage Commission (MHC), was approximately \$2,860,000 for parks, \$204,300 for fishing access sites (FAS), and \$204,300 for the MHC.
4. The effective date of the bill is January 1, 2010. Based on FY 2008 parks receipts 36% of fee revenue (\$1,026,000/ \$2,858,947) are received in the first half of the fiscal year and 64% are received in the second half of the fiscal year.
5. Currently the number of light vehicle registrations drive fee revenue. Light vehicle registrations are assumed to grow at the HJR2 motor vehicle revenue estimate growth rates for FY 2009, FY 2010 and FY 2011. OBPP growth rates for Motor vehicle revenue are used to grow motor vehicle registration estimates from the FY 2011 base for FY 2012 and FY 2013. These growth rates are negative in the reference period. Revenue estimates are presented in the following table:

Estimated Revenue under HB 51 by Program and "Opt-in" Scenario					
		FY 2010	FY 2011	FY 2012	FY 2013
Eligible Vehicles		928,378	908,891	878,613	870,803
Growth rate		-0.46%	-2.10%	-3.33%	-0.89%
Current Law Revenue	Fees				
State Parks Revenue	\$3.50	\$2,891,238	\$2,830,548	\$2,736,255	\$2,711,933
Fishing Access Sites	\$0.25	\$206,517	\$202,182	\$195,447	\$193,710
Montana Heritage Commission	\$0.25	\$206,517	\$202,182	\$195,447	\$193,710
HB 51					
Revenue at 6% Opt-in Rate	Fees				
State Parks Revenue	\$3.50	\$1,162,582	\$190,867	\$184,509	\$182,869
Fishing Access Sites	\$0.25	\$83,042	\$13,633	\$13,179	\$13,062
Montana Heritage Commission	\$0.25	\$83,042	\$13,633	\$13,179	\$13,062
Reduction in Revenue at 6% Opt-in Rate					
State Parks Revenue		-\$1,728,656	-\$2,639,681	-\$2,551,746	-\$2,529,064
Fishing Access Sites		-\$123,475	-\$188,549	-\$182,268	-\$180,647
Montana Heritage Commission		-\$123,475	-\$188,549	-\$182,268	-\$180,647

Department of Fish, Wildlife and Parks

6. Since the bill has no provision for another funding source, the Parks Division would make immediate reductions of expenditures in personal services and operations for state parks and FAS. These reductions would immediately close state parks and FAS.
7. The reduction to the Parks Earned Revenue fund from light vehicle registrations is approximately 61% of the revenue (\$2,639,681 / \$4,325,770 total revenue) for FY 2011.
8. In FY 2008, 44.50 FTE were funded in the Parks Division. The reduction to FTE is $(44.50 \times 0.61 / 2)$ 13.58 for FY 2010 and $(44.50 \times .61)$ 27.15 for FY 2011 through FY 2013. For FAS 4.00 FTE were funded in FY 2008. The reduction to FTE is $(4.00 \times 0.61 / 2)$ 1.22 FTE in FY 2010 and (4.00×0.61) 2.44 in FY 2011 through FY 2013.
9. Reductions in each expenditure category are calculated based on FY 2008 base expenditures in the Parks Operations budget. Personal services (\$4,447,975 / \$7,108,099) 62.6%; operations (\$2,574,401 / \$7,108,099) 36.2%; equipment (\$85,723 / \$7,108,099) 1.2% and are presented in the following table:

Department of Fish Wildlife and Parks Expenditure Adjustments under HB 51						
Program	FY 2008		FY 2010	FY 2011	FY 2012	FY 2013
Parks	-37.1%					
Revenue Change	Base	Share	(1,728,656)	(2,639,681)	(2,551,746)	(2,529,064)
Personal Services	4,447,975	62.6%	(\$1,081,726)	(\$1,651,811)	(\$1,596,784)	(\$1,582,591)
Operations	2,574,401	36.2%	(\$626,082)	(\$956,036)	(\$924,188)	(\$915,973)
Equipment	85,723	1.2%	(\$20,847)	(\$31,834)	(\$30,774)	(\$30,500)
	7,108,099	100.0%	(\$1,728,656)	(\$2,639,681)	(\$2,551,746)	(\$2,529,064)
Fishing Access Sites						
Revenue Change			(123,475)	(188,549)	(182,268)	(180,647)
Personal Services	126,200	62.6%	(\$77,266)	(\$117,986)	(\$114,056)	(\$113,042)
Operations	73,042	36.2%	(\$44,720)	(\$68,288)	(\$66,013)	(\$65,427)
Equipment	2,432	1.2%	(\$1,489)	(\$2,274)	(\$2,198)	(\$2,179)
Total FWP						
Personal Services			(\$1,158,993)	(\$1,769,797)	(\$1,710,840)	(\$1,695,633)
Operations			(\$670,802)	(\$1,024,324)	(\$990,201)	(\$981,400)
Equipment			(\$22,337)	(\$34,108)	(\$32,972)	(\$32,679)
Total			(\$1,852,131)	(\$2,828,230)	(\$2,734,013)	(\$2,709,712)

10. This reduction in expenditures and authority would force closure of parks and possibly FAS yet to be determined.

Department of Commerce/Montana Heritage Center

11. In FY 2008 state special revenue generated for the Montana Heritage Center (MHC) from light vehicle fees paid was approximately \$204,300. This funding is used for operations, maintenance, public safety, education/interpretation, and visitor services.
12. Vehicle registration revenue shortfall provides approximately 19.7% of MHC's personal services and operations funding. In FY 2008, MHC funded 18.50 FTE. The reduction to FTE required due to vehicle revenue decline is $(18.50 \times 0.20 / 2) = 1.85$ FTE in FY 2010 and $(18.50 \times .20) = 3.70$ FTE for FY 2011 through FY 2013.
13. Reductions in each expenditure category are calculated based on the proportion of FY 2008 base expenditures, 58.8% of expenditures are allocated to personal services (\$560,031/\$952,556) and 41.2% to operations (\$392,525 / \$952,556). The revenue effects are presented assumption #6 above.
14. Since the bill has no provision for another funding source, MHC would be required to make immediate reductions of expenditures in personal services and operations.

Montana Heritage Center Expenditure Adjustments under HB 51						
	FY 2008		FY 2010	FY 2011	FY 2012	FY 2013
Revenue Reduction			(123,475)	(188,549)	(182,268)	(180,647)
	Base	Share				
Personal Services	\$560,031	58.8%	(\$72,594)	(\$110,852)	(\$107,160)	(\$106,207)
Operations	\$392,525	41.2%	(\$50,881)	(\$77,696)	(\$75,108)	(\$74,440)

15. Staff reductions may lead to additional loss of MHC earned revenues due to reduced visitor center, train, and museum operations in Virginia City/Nevada City.

Department of Justice

16. The Montana Enhanced Registration and Licensing Information Network (MERLIN) is currently programmed to include the parks fee in the initial fee calculation for a light vehicle registration transaction. HB 51 will require programming changes to the calculation structure to add this fee if the vehicle owner elects to opt in.
17. Programming changes to MERLIN will be contracted by Justice Information Technology Services Division (JITSD) to its contractor. It is estimated that it will take the contractor 240 hours to make the changes at a cost of \$38,400 to the general fund.
18. The state portal provider will need to make programming changes to the web registration renewal site to allow a vehicle owner to opt in. The state portal provider will charge the Motor Vehicle Division (MVD) approximately \$1,700 to make the applicable programming changes.
19. Programming changes to the renewal notice card format will also be required. It is estimated that the third party provider will charge MVD \$150 to make the changes.
20. Motor Vehicle Division funding is 60% general fund and 40% highway state special revenue fund.

	<u>FY 2010 Difference</u>	<u>FY 2011 Difference</u>	<u>FY 2012 Difference</u>	<u>FY 2013 Difference</u>
<u>Fiscal Impact:</u>				
Department of Fish, Wildlife, and Parks				
FTE				
Parks Earned Revenue	(13.58)	(27.15)	(27.15)	(27.15)
Fishing Access Sites	(1.22)	(2.44)	(2.44)	(2.44)
<u>Expenditures:</u>				
Personal Services	(\$1,158,992)	(\$1,769,797)	(\$1,710,840)	(\$1,695,632)
Operations	(\$670,802)	(\$1,024,325)	(\$990,201)	(\$981,400)
Equipment	(\$22,337)	(\$34,108)	(\$32,972)	(\$32,679)
TOTAL Expenditures	(\$1,852,131)	(\$2,828,230)	(\$2,734,013)	(\$2,709,711)
<u>Funding of Expenditures:</u>				
State Special Revenue (Parks)	(\$1,728,656)	(\$2,639,681)	(\$2,551,746)	(\$2,529,064)
State Special Revenue (FAS)	(\$123,475)	(\$188,549)	(\$182,268)	(\$180,647)
TOTAL Funding of Exp.	(\$1,852,131)	(\$2,828,230)	(\$2,734,014)	(\$2,709,711)
<u>Revenues:</u>				
State Special Revenue (Parks)	(\$1,728,656)	(\$2,639,681)	(\$2,551,746)	(\$2,529,064)
State Special Revenue (FAS)	(\$123,475)	(\$188,549)	(\$182,268)	(\$180,647)
TOTAL Revenues	(\$1,852,131)	(\$2,828,230)	(\$2,734,014)	(\$2,709,711)
Department of Commerce				
FTE				
	(1.85)	(3.70)	(3.70)	(3.70)
<u>Expenditures:</u>				
Personal Services	(\$72,594)	(\$110,852)	(\$107,160)	(\$106,207)
Operations	(\$50,881)	(\$77,696)	(\$75,108)	(\$74,440)
TOTAL Expenditures	(\$123,475)	(\$188,548)	(\$182,268)	(\$180,647)
<u>Funding of Expenditures:</u>				
State Special Revenue	(\$123,475)	(\$188,549)	(\$182,268)	(\$180,647)
<u>Revenues:</u>				
State Special Revenue (02)	(\$123,475)	(\$188,549)	(\$182,268)	(\$180,647)

	<u>FY 2010 Difference</u>	<u>FY 2011 Difference</u>	<u>FY 2012 Difference</u>	<u>FY 2013 Difference</u>
Department of Justice				
<u>Expenditures:</u>				
Operations	\$40,250	\$0	\$0	\$0
<u>Funding of Expenditures:</u>				
General Fund (01)	\$39,510	\$0	\$0	\$0
State Special Revenue (02)	<u>\$740</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
TOTAL Funding of Exp.	<u><u>\$40,250</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>
<u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures):</u>				
General Fund (01)	(\$39,510)	\$0	\$0	\$0
State Special Revenue (02)	(\$740)	\$0	\$0	\$0

*Sponsor's Initials*_____
*Date*_____
*Budget Director's Initials*_____
Date